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NPIC/D-141-69

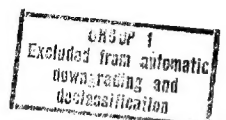
MEMORANDUM FOR: Executive Director-Comptroller
 THROUGH : Deputy Director for Intelligence
 SUBJECT : Status of [] Automatic Stereo Scanner Contract
 REFERENCE : Executive-Director Memo of 22 July 1968 to DDI, DDS&T
 and DDS
 ATTACHMENT : ~~Summary of Detailed Technical Report~~ *Relayed 4 June*
on "Attaching Attachment Line"

1. This memorandum is to inform you of the status of our contract with the [] for the development of an Automatic Stereo Scanner. The project is still faced with many difficulties, some of which we believe can be solved in the next few months at a small additional cost. We now believe that the development of a satisfactory Automatic Stereo Scanner is further off in the future than we had earlier estimated. We remain convinced that the technology and the original objectives are worth pursuing. Thus, we propose a new plan of action with regard to this contract. Our proposed plan is outlined in paragraph 8 below.

2. During the past three years of effort in this project, we have moved through many phases of design, breadboard, feasibility testing, fabrication and debugging in an effort to bring about major advances in this technology. We have had success and some failure with considerable unforeseen expense. Considering the complexity of the technology, this is not surprising. It remains our conviction that the Center should press ahead, push the state-of-the-art, and attempt to obtain a prototype stereo scanner. Controlled experimentation with such a device is the only way we can objectively answer the perennial question of whether or not there is intelligence value in stereo scanning. Equally important is the question of increased efficiency and cost effectiveness of stereo scanning in that phase of the work which involves a major portion of the Center's total effort.

3. Despite the difficulties encountered in this project, we feel that considerable technical progress has been made to date. Furthermore, we have developed a new technology which will provide a basis for a new generation of imagery exploitation equipment for the Center and for the community. For example, an Automatic Stereogram Printer and Automatic Comparison Viewer are now possible as a result of this technology. Additionally, the automatic correlation system developed for the scanner is currently being utilized on

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a high priority NPIC development--the High Precision Stereo Comparator. These are worthy accomplishments--even if we were to terminate the effort toward further development of the scanner.

4. Until recently, all of our problems with this contract have resulted from [] original underestimation of the complexity of the developmental effort and their poor management of the project. These have led to a series of large cost overruns. Now, [] reports that serious optical design errors have been made by their project team. These technical errors clearly result from the incorrect design and fabrication of some key optical components in the movable rhomboid arm assemblies. These errors constitute [] first technical failures and hence have caused us to reconsider in depth the wisdom of continuing or terminating the entire project.

5. A review of [] proposal for correcting these errors and completing the project indicates that there are two options--a High Performance Approach at [] and a Moderate Performance Approach at []. The Moderate Performance Approach, which we believe will culminate in adequate optical performance for a useful prototype, consists of two steps. The first step, costing [] over a 15-week period, will include a bench test to demonstrate utility of one complete optical path. The second step, which [] estimates will cost an additional [] would involve integration of the optics with remaining gear and would result in completion of the project.

6. [] original estimate for the fabrication of the scanner prototype was []. Overruns have raised the total expended to date to []. Funds currently allocated to this project total []. This leaves [] unspent. We issued a stop work order to [] on 16 April 1969 to remain in effect while we reviewed the situation. Acceptance of the high performance option would raise the total cost to complete to []. The Moderate Performance Approach would bring the total to [].

7. In reaching our decision we considered some of the following alternatives:

a. Continue with [] by negotiating a contract amendment to pursue the first step of the Moderate Performance Approach which will culminate in delivery of a report by [] and an analysis by NPIC. The amendment would be on either a fixed price or cost basis, with well-defined milestones so as to minimize chances of further overrun. Decision for further development would be contingent upon [] display of improved cost management and technical performance in the 15-week period, which will be limited to an optical redesign and bench test.

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b. Transfer the project to another company if [] is unsuccessful in this first step of the Moderate Performance Approach. Such a decision should not be made prior to a determination of the economic and technical feasibility of such a transfer, including an analysis of the costs, risks, and related factors involved.

c. Terminate the program and leave the potential of automatic stereo scanning still undefined while taking possession of drawings, documents and equipment of relatively small value when compared with our [] investment to date.

8. Our proposed plan of action, reached after an extensive analysis of trade-offs involved, is as follows:

a. Pursue the first step of the Moderate Performance Approach proposed by [] over a 15-week period. (No further funding approval is required at this time since [] of the formerly obligated funds are still available.)

b. Consider proposals to investigate and report on the technical feasibility and cost effectiveness of transferring the project to another company for completion following conclusion of the first step.

c. Make future decisions on further development of the scanner predicated upon completion of a. and b. above.

9. We request your concurrence in the proposed plan of action.

If you have any questions concerning the status of this project, or this proposed plan of action, please advise us.

ARTHUR C. LUNDAHL

Director

National Photographic Interpretation Center

CONCUR: []

Executive Director-Comptroller

Date

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